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B.C. to fund forestry research

\$4.2-million to help forest companies tap into Japan's lucrative hemlock market

BY PETER KENNEDY, VANCOUVER

The B.C. government moved yesterday to help forestry companies that could be shut out of a \$1-billion-a-year market for hemlock wood in Japan if their wood does not meet new construction standards there.

Forests Minister Gordon Wilson put up \$4.2-million for a marketing and research initiative designed to address Japanese concerns about the stability and quality of coastal hemlock.

Producers on the coast of British Columbia are under threat because Japan's post-and-beam housing sector is favouring kiln-dried wood needed to meet new 10-year construction guarantees introduced April 1.

As a result, companies like Weyerhaeuser Co., Domon Industries Ltd. and Canfor Corp. are scrambling to find drying techniques that will remove moisture from large hemlock logs that causes them to buckle and lose their appeal to Japanese buyers.

"If we are not able to get this resolved soon, it will have a very negative impact on the remaining coastal operations in British Co-

lumbia," said Ron MacDonald, president of the Council of Forest Industries.

"There is no other market for that product, so we absolutely have to get this right," he said.

Backed by the government grant, coastal producers expect they will be able to move quickly to maintain their share of the Japanese market.

This investment will promote research into new dried hemlock products and the development of new markets for hemlock," Mr. Wilson said at a news conference in Vancouver yesterday.

Mr. MacDonald said some of that money will be dedicated to taking the existing microwave drying technology and trying to get it refined for that specific size and species of hemlock tree. He expects researchers to achieve the design adjustments required for coastal producers to be able to deliver a kiln-dried product to the Japanese market by April.

News that Japanese buyers are favouring kiln-dried wood is the latest blow for a B.C. industry under pressure from slumping lumber prices, high costs and a pine beetle infestation affecting 5.7 million hectares of forest land.



B.C. Forests Minister Gordon Wilson: This investment will promote research into new dried hemlock products and the development of new markets for hemlock.

QSC bans CEO from trading Jitec stock

BY BERTRAND MAROTTE, MONTREAL

The president and chief executive officer of Jitec Inc. was slapped yesterday with a ban that prevents him from trading shares in the Montreal-area information technology company.

The Quebec Securities Commission said it took the extraordinary measure of imposing an indefinite cease-trade order on Benoît Laliberté after examining unusual trading patterns in Jitec stock since its July 26 listing on the Montreal Exchange.

In a decision announced yesterday, the QSC alleged that Mr. Laliberté opened five separate margin accounts at four different Montreal investment dealers to trade in Jitec shares, and also opened four other accounts in the name of a numbered company to buy and sell hundreds of thousands of Jitec shares.

The QSC also alleges that Mr. Laliberté failed to report all of his trading activities in Jitec under rules that require insiders to make regular declarations of their transactions.

The QSC alleges that between July and September Mr. Laliberté transferred from his CIBC Wood Gundy account more than eight million Jitec shares to about 35

people or companies.

The QSC said in its statement of allegations that the cease-trading ban was necessary in order to ensure the proper functioning of the market and to protect investors from "unfair, abusive or fraudulent practices."

Jean Lorrain, director of compliance and enforcement at the QSC, said an investigation into the trading patterns and other matters at Jitec continues.

Mr. Laliberté, 28, has been instructed to appear before a QSC panel next Friday if he wants to contest the ban.

Jitec stock closed yesterday at \$2.28, up 23 cents. The share price has fallen from a high of \$11.65 in intraday trading on Aug. 10.

When public reports surfaced about the trading patterns, Mr. Laliberté — who owned 30 million Jitec shares — attributed the volatile trading to short sellers, who profit when a stock's value drops.

The Montreal Exchange recently halted trading in Jitec shares, requesting clarification of statements made by the company in a previous news release.

Trading resumed after Jitec and Canada Payphone Corp. of Burnaby, B.C., issued a news release that was more precise about the specifics of an agreement between them.



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